

Proposed 2000 Supplemental Operating Budget

Budget Highlights

**Representative Helen Sommers,
Democratic Co-Chair
House Appropriations Committee**

<http://www.leg.wa.gov/house/opr/app/budgrpt.htm>

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Budget Principles

We continue our commitment to working to deliver effective, efficient government service, and make Washington a better place to live.

! **Strengthen Education**

- ! **Extend learning opportunities to meet academic standards.**
- ! **Increase the state's share of school construction costs.**
- ! **Dedicate state lottery proceeds to a Better Schools Fund.**

! **Respond to the Loss of \$1.1 billion this Biennium as a Result of I-695**

- ! **Bridge funding for cities and counties.**
- ! **Funding for public transit districts and Sound Transit.**
- ! **Keep the ferry system afloat.**
- ! **Fund highway projects needed to relieve congestion and move goods to market and ports.**

! **Protect Public Health**

- ! **Implement the Patients' Bill of Rights.**
- ! **Dedicate funds toward improving access to the Individual Health Insurance Market.**
- ! **Uphold the spirit of the tobacco industry settlement by funding the Tobacco Prevention and Control Plan.**
- ! **Fund local public health departments.**

! **Build our Economy**

- ! **Maintain the advanced technology initiatives at the University of Washington and Washington State University.**
- ! **Work to close the existing skills gap.**
- ! **Support information technology workforce training.**

INVESTING IN OUR PUBLIC SCHOOLS

Extended Learning to Meet New Academic Standards (\$23.1 million GF-S)

Additional opportunities for struggling students in grades 1-3 are provided to help them meet new academic standards. Districts can use the funds for math, reading, and writing programs operating during the Summer, before-school, after-school, or on Saturdays. Funding is based on enrollment and a five year average of elementary test scores.

School Construction (\$100 Million Emergency Reserve)

Demand for state match for K-12 construction projects exceeds current appropriations. Funds from the Emergency Reserve are transferred to the Common School Construction Account for new construction and modernization, reducing pressure on local property taxes.

Better Schools Fund (\$57.5 million GF-S)

A referendum is proposed for the November ballot to transfer state lottery revenues to the new Better Schools Fund for class size reduction, extra learning opportunities, developmental pre-school, or facilities necessary for these programs. This will provide more than \$520 million in new revenue for schools through FY 2005.

Early Head Start Program (\$11.9 million General Fund - Federal)

The state's Early Head Start program will be modeled after the federal program. It will provide early education services to children ages 0-3 whose family income is at or below 100 percent of poverty.

Professional Development (\$7.0 million GF-S)

The 1999-01 budget provided compensation for teachers to participate in three additional training days, known as learning improvement days. This budget provides funds for materials, speakers, trainers and instructional aides.

School Security Grants (\$5.2 Million GF-S)

Last year, 48 school districts were denied grants to hire security guards due to a lack of funds. Additional funds for school security grants will ensure that each district that submitted a qualifying application in 1999 will receive their grant for the next school year.

Washington Promise Scholarships (\$2.2 million GF-S)

Funding for scholarships for high performing students is increased to ensure awards at the full amount originally intended: the equivalent of resident full time community college tuition.

Civil Liberties Education (\$251,000 GF-S)

The Office of the Superintendent of Public Instruction (OSPI) will provide grants to document the history of the internment of persons of Japanese ancestry during World War II for public education and to prevent similar civil rights violations in the future.

Preserving Historical Lessons (\$150,000 GF-S)

Funding is provided to OSPI to document the experiences of World War II veterans through oral history projects at our local schools.

Character Education (\$350,000 GF-S)

Funding is made available to districts that choose to create character education programs, promoting the values espoused in the basic education act, including honesty, respect, responsibility for personal actions, self discipline and moderation, positive work ethic, and respect for law and authority.

Professional Standards Board (\$431,000 GF-S)

This budget funds a professional standards board, putting educators in charge of setting standards for entry into the education profession. Beginning teachers will be required to demonstrate mastery of basic skills and appropriate subject areas before becoming certified.

High-Tech Wiring for School Buildings (\$2 million GF-S)

Almost 500 school buildings do not have the wiring capacity to accept the K-20 network. Matching grants are made available to school districts for wiring projects that are necessary for a school building to become part of the K-20 network.

Supporting the Accountability Commission (\$250,000 GF-S)

The Academic Achievement and Accountability Commission's research and operations capacity is increased. These additional resources will allow the Commission to consider comparative research through consultant services, to learn directly from other states through site visits, and to independently analyze Washington data.

Student Access Through Technology (\$1.5 million, GF-S)

Community and Technical Colleges are provided funding to develop on-line catalogs for distance learning and other admissions information. Students will be able to access distance education course openings available at any community or technical college.

Enrollment Increases at Eastern Washington University (\$500,000 GF-S)

Funding is provided for 105 additional enrollments in the 2000-01 academic year based on continued increases in students seeking access to the university.

Students with Disabilities (\$500,000 GF-S)

Funding is provided to community college districts for emergent needs of students with disabilities. Additional funding is provided to ensure a reserve pool sufficient to meet extraordinary demand through the academic year.

Graduate Student Health Benefits (\$908,000 GF-S)

The current allocation of state funds for graduate assistant health insurance coverage at the University of Washington is increased to keep up with the rising cost of health insurance premiums and to maintain reasonable levels of co-payments.

Future Teacher Conditional Scholarships (\$885,000 GF-S)

To address potential teacher shortages, the budget provides conditional loans for classified staff and others who attend college to become certified teachers. The loans can be forgiven through employment as a Washington public school teacher.

Training for Medical Services in Schools (\$297,000 GF-S)

The budget includes funding to adequately train classified staff to administer oral medications.

LOCAL GOVERNMENT

Assistance to Counties (Provides \$40.8 million GF-S)

The House Democratic budget provides \$40.8 million to counties for criminal justice assistance. Funding is restored at 90 percent of total Motor Vehicle Excise Tax losses to those counties most impacted by the passage of I-695 and between 40 and 75 percent for those counties with lesser impacts.

Public Health (\$33.2 million from the Health Services Account)

Funding is provided to restore 90 percent of funding losses to public health districts and county public health programs through the end of the biennium.

Becca Legislation Implementation Funding (\$4.7 million GF-S)

Local governments have incurred costs to implement Becca legislation for runaway youth. The budget provides \$4.7 million to settle a lawsuit brought by 20 counties. In return for this payment, counties will release their claims for 1995-97 and 1997-99 costs.

Indigent Representation in Dependency Hearings (\$5.2 million GF-S, \$150,000 of other funding)

Funding is provided through the Office of Public Defense to relieve counties of the costs of indigent representation in child dependency proceedings.

Assistance to Cities (\$32.1 million GF-S)

Funding is provided for criminal justice, fire and police protection services to offset Motor Vehicle Excise Tax losses at the city level. In the House Democratic budget, no city will suffer budgetary losses in excess of 14 percent. In addition, for all cities that received criminal justice money, funding is restored through the end of the biennium at 75 percent.

KEEPING PEOPLE AND THE ECONOMY MOVING

Transportation -- Freight Mobility, Economic Development & Rail (\$93 million from Emergency Reserves)

Funding is provided for transportation projects identified by the freight mobility strategic investment board, and for the King Street rail maintenance facility.

Public Transit (\$130 million GF-S)

The House Democratic budget includes \$80 million in direct distributions to transit districts to maintain essential bus service and other transit operations in response to I-695. An additional \$50 million is used to pay outstanding transit distributions for the last quarter of 1999.

Sound Transit Tax Credit (\$30 million GF-S, \$214 million over 6 years)

Legislation provides Sound Transit with a local option sales tax credit of .065% to be credited against the state sales tax. \$214 million will be allocated to Snohomish, King, and Pierce counties for transit projects.

Ferry System (\$27 million from Emergency Reserves)

Financial assistance is provided to replace funds lost from the passage of I-695. Ferry operations will receive \$10 million, and \$17 million is provided for ferry capital expenditures.

Transportation Tax Credit (\$30 million GF-S, \$215 million over 5 years)

Funding is provided for local transportation improvement projects through a local option tax credit. The projects shall be identified and prioritized by the Transportation Commission. The credit will provide \$215 million in additional transportation revenues through FY 2005.

HEALTH CARE

Patients' Bill of Rights (\$141,000 GF-S, \$167,000 other funds)

House Bill 2331 gives consumers essential protections that include: the right to know what their health plan covers, the right to privacy of their medical records, and the right to get needed health services. The bill holds health insurers accountable for their medical decisions through independent review, and provides the right to sue a health insurer. The House Democratic Budget includes the necessary funds to enforce and administer these new consumer protections.

Individual Health Insurance Market (\$4.5 million Health Services Account)

In the last year, health carriers have stopped offering new policies in 31 Washington counties. The House Democratic budget provides funding to restore the individual health insurance market.

Tobacco Prevention and Control (\$20 million Tobacco Prevention Control Account)

The budget funds a comprehensive Tobacco Prevention and Control Plan. Coordinated by the Department of Health, the plan may include: community and school-based programs, cessation support, public awareness campaigns, youth access information, and assessment and evaluation activities.

Assistance for Hospitals (\$25.4 million All Funds)

The budget provides funding for critical access hospitals and rural hospitals who qualify to receive enhanced reimbursement from the state. Public hospital districts that operate nursing homes will receive up to \$10 million in additional one-time federal funds. The budget also provides funding to support the low income and public hospital disproportionate share programs.

PROTECTING VULNERABLE POPULATIONS

Protecting Vulnerable Adults (\$2.3 million GF-S, \$4.9 million all funds)

A total of \$1.7 million is provided to investigate increased abuse allegations, and \$497,000 is provided to better monitor nursing home care. A total of \$256,000 is provided to implement Senate Bill 6401 which requires home care workers who have resided in the state for fewer than three years to be screened using both a state background check and an FBI interstate history background check. Finally, \$2.4 million is provided for the face-to-face review of high-risk in-home care situations.

Supporting Unpaid Caregivers (\$1.2 million GF-S)

The majority of long-term care services is provided by friends or family members who help elderly and disabled people maintain their independence. Funding is provided to expand support services for unpaid caregivers.

Long-Term Care Training (\$430,000 GF-S, \$853,000 Total Funds)

Funding is included to improve the quality of care in long-term care settings. The budget provides for additional and improved training for boarding home, adult family home, and home care workers.

Child Sex Abuse Interview Training (\$318,000 Total Funds)

Full funding is provided for Senate Bill 5127. The bill was passed during the 1999 legislative session and requires that all Child Protective Services (CPS) workers receive training on how to detect when a child is being sexually abused.

Expanded Child Care Services (\$4.1 million General Fund - Federal)

A new grant program is established for after-school care programs for middle school youth, and a scholarship program is developed for child care providers who care for children with special needs. The scholarships will be for training to help child care providers better serve children with special needs.

FUELING TODAY'S HIGH-TECH ECONOMY

Closing the Skills Gap (\$800,000 GF-S)

Funding is provided for grants to local workforce development councils that will help close the skills gap facing Washington's industries. Facilitators will bring businesses, labor organizations, and/or industry associations together into industry skills panels that will identify skills gaps in their industry and develop training curriculums that will provide the education needed by workers to fill those gaps. These funds require a 50 percent match by the industries involved in the skills panels.

Information Technology Workforce Training (\$1.2 million GF-S)

Funding to prepare high school students for careers in the information technology industry is increased by 120 percent.

Information Technology Grant Enhancement (\$2.4 million GF-S)

In response to substantial demand, additional funds are provided to the Community and Technical Colleges and 4-year universities to expand information technology and computer science programs.

Electronic Commerce Initiatives (\$4.0 million GF-S, \$13.0 million total)

The governor is given funds to develop e-commerce projects to provide improved access to government services over the internet. Projects will be designed to facilitate business transactions between state agencies and their customers.

UW Internet Connectivity (\$750,000 GF-S)

The House Democratic budget pays for a portion of the UW's connection to the Internet which is used by faculty and students and is the primary way that millions of citizens access Internet-based information.

Student Access Through Technology (\$1.5 million, GF-S)

Community and Technical Colleges are provided funding to develop on-line catalogs for distance learning and other admissions information. Students will be able to access distance education course openings available at any community or technical college in the state.

PUBLIC SAFETY

Pipeline Safety (\$350,000 GF-S)

The deaths of three youths in Bellingham last summer resulted when 277,000 gallons of gasoline leaked from an underground pipeline and exploded. Funding is provided to develop a state pipeline safety program at the Department of Ecology, to seek federal delegation of interstate pipeline regulation, to conduct an assessment of local response efforts, and to develop training for local first responders.

Predatory Sex Offenders (\$4.6 million GF-S)

Our state's ability to civilly confine sex offenders in the Special Commitment Center depends on compliance with a court order and the requirements of the Special Master assigned to this case. Funding in this budget increases staffing levels, remodels the facility, and provides improved treatment services to residents to comply with the court's order.

Sexual Assault Resource Centers (\$1.9 million GF-S)

The state's network of centers that provide sexual assault services will receive increased funding to support education and prevention efforts.

Drug Courts (\$1.2 million GF-S)

Drug courts are specialized courts that require drug treatment and monitor compliance of defendants whose current offense stems primarily from substance abuse. Research indicates that these programs provide savings in jail, court and treatment costs through decreased recidivism rates. State funding will preserve drug courts in those counties that exhaust federal resources next fiscal year.

State Patrol Crime Laboratories (\$2.5 million GF-S)

The budget ensures that essential services of the State Patrol crime labs are maintained. \$2.5 million is provided to replace the portion of the revenue supporting these services that was eliminated by I-695.

Meth Lab Cleanup & Enforcement (\$749,000 Other Funds)

Due to a substantial increase in the number of illegal methamphetamine labs, the House Democratic budget provides funding to perform cleanup of toxic chemicals to protect public health. The budget also includes funding to implement HB 2451, which makes theft, storage, and possession of anhydrous ammonia with intent to manufacture methamphetamine, a felony.

Criminal Justice Legislation (\$674,000 GF-S)

Funding is provided to implement the provisions of:

- C House Bill 3124 — Sexually violent predators;
- C House Bill 2456 — Identity crimes;
- C House Bill 2498 — Juvenile offender basic training camp; and
- C House Bill 2491 — DNA testing of prisoners.

Law Enforcement Study (\$250,000 GF-S)

Funding is provided for the Washington Association of Sheriffs and Police Chiefs to conduct a study of law enforcement services and expenditures for counties and for cities in the larger counties. The study will focus on improving the efficiency of service delivery, especially relating to special service units such as bomb squads, SWAT teams and hostage rescue units.

Criminal Sentencing Review (\$80,000 GF-S)

Funding is provided for the Sentencing Guidelines Commission to conduct a comprehensive review and evaluation of state sentencing policy. The review and evaluation will include an analysis of current sentencing ranges, mandatory minimum sentences, and special sentencing alternatives.

Bear and Cougar Management (\$800,000 GF-S)

The budget provides funding for eight additional enforcement officers, as well as vehicles and equipment, to respond to an increasing number of bear and cougar encounters.

HEALTHY ENVIRONMENT

Forests and Fish Implementation (\$3.0 million GF-S)

In 1999, the Legislature passed major legislation addressing forest practices as they affect the recovery of salmon and clean water. Funding is provided for further implementation, including a small forest landowner office, rule development and assistance for timber owners to comply with the new rules.

Shorelines Tax Credit (\$25 million GF-S)

Counties are given a tax credit for fish habitat restoration projects and for preservation of riparian habitat to address Endangered Species Act concerns and invest in greater protection of shoreline resources. Total funds will be \$125 million over five years.

Shoreline Master Programs Update (\$3.8 million GF-S)

The Department of Ecology has proposed updates to Shoreline Master Programs to support state and local responses to Endangered Species Act listings. The House Democratic budget provides funding for grants to local governments and technical assistance to update local shoreline guidelines.

Air Quality Program (\$9.8 million GF-S)

The House Democratic budget provides funding to restore the state's Air Quality Program, which lost revenue due to the passage of Initiative 695. Essential federal and state program requirements are maintained, including air quality monitoring, grants to local air pollution control agencies, and compliance with state and federal air quality laws.

Hatchery ESA Strategy/Production (\$1.7 million GF-S, \$130,000

Other Funds)

Funding is provided to restore hatchery production and to implement an Endangered Species Act strategy for hatchery operations. Funding is also provided for a study of Lake Washington sockeye and steelhead production at Reiter Pond.

Water Rights Processing (\$1.1 million GF-S)

The budget provides funding to address the backlog of pending water rights applications by implementing legislation that allows the processing of water right changes more efficiently.

Recovery of Marine Fish (\$690,000 GF-S)

Funds are provided for science-based monitoring and fishery management to restore fish stocks being considered for listing under the Endangered Species Act.

RESPONSIVE GOVERNMENT

Public Disclosure Commission (\$818,000 GF-S)

The House Democratic budget provides the Public Disclosure Commission with more funds for operating a web site that allows electronic filing of, and public access to, public disclosure forms.

Civil Service Reform (\$250,000 GF-S)

Funding and staffing are provided to the Public Employment Relations Commission to implement the provisions of ESB 6402. The bill allows state agencies and institutions of higher education to contract out for services provided by state employees, as well as authorizing classified employees to bargain collectively over wages and benefits.

Citizens Alliance for Government Accountability (\$100,000 GF-S)

The Alliance will actively engage the public to recommend ways to increase efficiency in government and accountability, including the use of new technology and financial management systems.

Consumers and Telephone Solicitation (\$112,000 GF-S)

The House Democratic budget funds Substitute House Bill 2672, which enables residents to eliminate telemarketing calls to their homes.

SAVINGS INITIATIVES

WorkFirst Performance Measures (\$437,000 General Fund - Federal)

The Department of Social and Health Services will be required to institute additional WorkFirst performance measures. These measures will enable the state to accurately evaluate WorkFirst participants' wage progression and job retention, and address customer service issues within the WorkFirst system.

Welfare Savings (Savings of \$64.4 million GF-S)

The state WorkFirst program is successfully fulfilling all federal welfare reform work participation requirements. State funds reserved for possible Temporary Assistance for Needy Families (TANF) penalties are eliminated and the state's required maintenance of effort level is assumed to be 75 percent of historical levels rather than 80 percent. In addition, federal TANF funding is transferred to be used for the state food assistance program and other grants, therefore saving state general-fund dollars.

DSHS Staff Reduction (Savings of \$8.9 million GF-S, \$6.9 million other funds)

The Department of Social and Health Services will selectively reduce the number of staff across the agency so that there will be 500 fewer staff on the payroll at the beginning of the 2001-03 Biennium. These reductions are in the following areas:

- C Indian Ridge Youth Camp closure — \$2.1 million GF-S / 73 staff
- C Residential Habilitation Cottage closure — \$1 million GF-S / 81 staff
- C Agency wide staff reduction — \$2.4 million GF-S / 220 staff
- C Eligibility streamlining measures — \$284,000 GF-S / 10 staff
- C Reduced supervisors in Division of Child Support — \$138,000 GF-S / 6 staff
- C Food stamp error rate staff reduction — \$2.9 million GF-S / 110 staff

Medicaid Fraud and Abuse Detection (Savings of \$2.2 million GF-S, \$3.3 million total)

The Department of Social and Health Services (DSHS) will implement a new Medicaid fraud and abuse detection program. The new program will result in increased identification of potential fraud and abuse cases and increased cost recoveries and cost avoidance. This new detection program is estimated to save \$6.6 million.

Efficiency Savings at DSHS (Savings of \$1.5 million GF-S)

Savings are achieved in the Department of Social and Health Services (DSHS) budget by decategorizing in-home services to provide better services to families and capturing funds from unused secure group home beds.

State Agency Efficiency Savings (\$4.5 million GF-S, \$9.9 million other funds)

To reflect staffing and efficiency savings, the Governor has directed state agencies to identify \$4.5 million in General Fund savings and \$9.9 million in other fund savings.

Prescription Drug Savings (Savings of \$2.5 million GF-S)

Savings will primarily be achieved by using in-state wholesalers to set purchase prices and by requiring prior authorization of prescriptions for non-steroidal anti-inflammatory drugs.

House Democratic Proposal

2000 Supplemental Budget

General Fund - State

(Dollars in Millions)

RESOURCES		
	<u>1999-01</u>	<u>2001-03</u>
Unrestricted Beginning Balance	\$462	\$393
HB 3043 Adjust Deposit to Emergency Reserve	\$67	\$0
Revised Unrestricted Beginning Balance	\$529	\$393
November Revenue Forecast	\$20,727	\$22,605
February Forecast	\$146	
February Forecast (Car Rental Tax)	(\$30)	(\$51)
Better Schools Fund Transfer (Lottery)	(\$58)	(\$232)
Seniors Property Tax Cut	(\$20)	(\$75)
Property Tax Value Averaging	\$0	(\$25)
Transportation Tax Credit	(\$30)	(\$93)
Sound Transit Tax Credit	(\$30)	(\$70)
Shorelines Tax Credit	(\$25)	(\$50)
Net Revenue	\$20,680	\$22,009
Total Resources	\$21,209	\$22,402
SPENDING LIMIT AND APPROPRIATIONS		
Official 601 Spending Limit	\$20,651	
Net Adjustments to Limit	\$191	
Revised 601 Expenditure Limit	\$20,842	\$21,828
Operating Budget, ESSB 5180	\$20,573	
2000 Supplemental	(\$8)	
Local Government Assistance	\$83	
Local Transit Districts	\$80	
Transportation Fund Transit Liability	\$50	
Total General Fund - State Appropriations	\$20,778	\$21,828
Spending Compared to Limit	(\$65)	\$0
UNRESTRICTED GENERAL FUND RESERVES		
Beginning Balance	\$462	\$393
Change in Reserves	(\$69)	(\$14)
Unrestricted Ending Balance	\$393	\$379
EMERGENCY RESERVE FUND		
Beginning Balance	\$536	\$355
New Deposit	\$38	\$195
HB 3043 Correct Deposit to Emergency Reserve	(\$67)	\$0
Transfer to State Transportation and Ferry Programs	(\$107)	\$0
Transfer to Rail Programs	(\$13)	\$0
Transfer to K-12 Construction	(\$100)	(\$200)
Interest Earnings	\$68	\$36
Emergency Reserve (Assumes 5% Annual Threshold)	\$355	\$387
TOTAL RESERVES (UNRESTRICTED + EMERGENCY)	\$749	\$765

Adjustments to I-601 Expenditure Limit

(\$\$ in millions)

	<u>1999-01</u>
Official I-601 Spending Limit	\$ 20,651
Local Government Assistance	73
Indigent Defense for Dependency Hearings	5
Transit District Costs	80
Budget Driven Adjustments	<u>33</u>
Revised I-601 Expenditure Limit	\$ 20,842